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RECORDATION NO. 24540 FILED

August 1, 2003

AUG 01 '03 9-59 AM

SURFACE TRANSPORTATION BOARD

Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423

Dear Sir:

Enclosed for recording with the Surface Transportation Board is a Memorandum of Security Agreement dated February 19, 2003, including the following parties and railroad equipment:

Secured Party: Wells Fargo Equipment Finance, Inc.
733 Marquette Avenue, #700
Minneapolis, MN 55402

Debtor: Twin Cities & Western Railroad
2925 12th Street East
Glencoe, MN 55336

Equipment: 76, 100-ton Covered Hoppers
TCWR 40208-40283
Previous #: PLMX (numbers attached)

Please record this agreement as a primary document. The filing fee of \$30 is enclosed.

Summary: Memorandum of Security Agreement 2/19/03 between Wells Fargo Equipment Finance, Inc. as Secured Party and Twin Cities & Western Railroad as Debtor including 76 Covered Hoppers, TCWR 40208-40283.

Sincerely,



Mary Ann Oster
Research Consultant

Enclosure

RECORDATION NO. 24540 FILED

**MEMORANDUM OF
SECURITY AGREEMENT**

AUG 01 '03 9-59 AM

SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF SECURITY AGREEMENT (this "Memorandum") is made this 19th day of February, 2003, by and between Twin Cities & Western Railroad, a Minnesota corporation ("Debtor"), and WELLS FARGO EQUIPMENT FINANCE, INC., a Minnesota Corporation ("Secured Party").

A. The Debtor is indebted to the Secured Party pursuant to that certain Promissory Note dated as of May 19, 2003 (the "Note") executed by the Debtor in favor of the Secured Party.

B. To secure the Debtor's obligations to the Secured Party, the Debtor executed and delivered to the Secured Party a Security Agreement dated May 19, 2003 pursuant to which the Debtor granted to the Secured Party a continuing, first priority security interest in and to, and lien on, the following collateral:

(a) Seventy-Six (76) 1978-1980 Trinity 100 Ton Covered Hopper Rail Cars described on Schedule A attached hereto (each, a "Railcar", collectively, the "Railcars") and all replacements and substitutions thereof;

(b) all improvements, additions, modifications, accessions, attachments, appurtenances and parts appertaining or attached to the Railcars, whether now owned or hereafter acquired;

(c) all logs, books and records pertaining to the use, operation and/or maintenance of the Railcars or otherwise relating to any of the collateral described herein;

(d) all rights, claims and causes of action, if any, which the Debtor may have now or in the future against any manufacturer, rebuilder or seller of the Railcars (or any component thereof) or any other Person, by contract or otherwise, in respect of any defect in the Railcars or any part thereof;

(e) all proceeds (cash and non-cash), including insurance proceeds, settlement proceeds and condemnation awards thereof.

IN WITNESS WHEREOF, the parties have caused this Memorandum to be executed as of the date first above written.

TWIN CITIES & WESTERN RAILROAD COMPANY

By: *William F. Druce
Its: *President, T.C.W.R.

WELLS FARGO EQUIPMENT FINANCE, INC.

By: Susan Hellyer
Its: Subcontract Admin.



Wells Fargo Equipment Finance
Investors Building, Suite 700
733 Marquette Ave So
Minneapolis, MN 55402

Schedule A
To Memorandum of Security Agreement

Contract Number **109402-700** dated as of **May 19, 2003**

Debtor: **Twin Cities & Western Railroad Company**

Seventy-Six (76) 1978-1980 Trinity 100 Ton covered Hopper Rail Cars with the following markings:

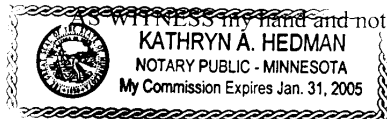
Old Markings	New Markings		Old Markings	New Markings
PLMX 10196	TCWR 40209		PLMX 10961	TCWR 40242
PLMX 10197	TCWR 40210		PLMX 10964	TCWR 40243
PLMX 10201	TCWR 40211		PLMX 10967	TCWR 40244
PLMX 10202	TCWR 40212		PLMX 10981	TCWR 40245
PLMX 10226	TCWR 40213		PLMX 10984	TCWR 40246
PLMX 10228	TCWR 40214		PLMX 10986	TCWR 40247
PLMX 10229	TCWR 40215		PLMX 10987	TCWR 40248
PLMX 10238	TCWR 40216		PLMX 10995	TCWR 40249
PLMX 10245	TCWR 40217		PLMX 11088	TCWR 40250
PLMX 10252	TCWR 40218		PLMX 11090	TCWR 40251
PLMX 10253	TCWR 40219		PLMX 11126	TCWR 40252
PLMX 10256	TCWR 40283		PLMX 11144	TCWR 40253
PLMX 10259	TCWR 40220		PLMX 11147	TCWR 40254
PLMX 10369	TCWR 40280		PLMX 11288	TCWR 40255
PLMX 10658	TCWR 40281		PLMX 11294	TCWR 40256
PLMX 10659	TCWR 40282		PLMX 11296	TCWR 40257
PLMX 10701	TCWR 40221		PLMX 11316	TCWR 40258
PLMX 10713	TCWR 40222		PLMX 11317	TCWR 40259
PLMX 10714	TCWR 40223		PLMX 11318	TCWR 40260
PLMX 10716	TCWR 40224		PLMX 11326	TCWR 40261
PLMX 10718	TCWR 40225		PLMX 11331	TCWR 40262
PLMX 10733	TCWR 40226		PLMX 11333	TCWR 40263
PLMX 10734	TCWR 40227		PLMX 11344	TCWR 40264
PLMX 10754	TCWR 40228		PLMX 11662	TCWR 40265
PLMX 10767	TCWR 40229		PLMX 11788	TCWR 40266
PLMX 10768	TCWR 40230		PLMX 11848	TCWR 40267
PLMX 10773	TCWR 40231		PLMX 11859	TCWR 40268
PLMX 10804	TCWR 40232		PLMX 11861	TCWR 40269
PLMX 10809	TCWR 40233		PLMX 11865	TCWR 40270
PLMX 10810	TCWR 40234		PLMX 12072	TCWR 40271
PLMX 10812	TCWR 40235		PLMX 12074	TCWR 40272
PLMX 10819	TCWR 40236		PLMX 12076	TCWR 40273
PLMX 10822	TCWR 40237		PLMX 12077	TCWR 40274
PLMX 10866	TCWR 40238		PLMX 12078	TCWR 40275
PLMX 10872	TCWR 40239		PLMX 12138	TCWR 40276
PLMX 10911	TCWR 40208		PLMX 12139	TCWR 40277
PLMX 10930	TCWR 40240		PLMX 12140	TCWR 40278
PLMX 10938	TCWR 40241		PLMX 12803	TCWR 40279

Dated: **May 19, 2003**



STATE OF Minnesota
COUNTY OF Hennepin

On this 29 day of July, 2003, before me, a Notary Public of the City and State aforesaid, personally appeared William F. Drusch to me personally known, who being by me duly sworn, says that he is the President of Twin Cities & Western Railroad Company, a North Dakota corporation, the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Kathryn A. Hedman
Notary Public

My commission expires: Jan 31, 2005

STATE OF Minnesota
COUNTY OF Hennepin

On this 30 day of July, 2003, before me a Notary Public of the City and State aforesaid, personally appeared Bruce Hillyer, to me personally known who being by me duly sworn, says that (he/she) is a Sr. Const. Adm. of Wells Fargo Esc. Fin. Int. that foregoing instrument is/was signed on behalf of said corporation by authority of its Board of Directors, and (he/she) acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal.

(Seal)

Notary Public

My commission expires: